

## Message Text

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PAGE 01 CAIRO 09466 071211Z  
ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07  
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01  
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AMEMBASSY BONN  
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AMEMBASSY KUWAIT  
AMEMBASSY TEHRAN  
AMEMBASSY TOKYO

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E.O. 11652: N/A  
TAGS: USEGJC EINV  
SUBJ: HIGHER INVESTMENT COUNCIL

REF: CAIRO 3311

1. GOE HAS FORMALIZED ESTABLISHMENT OF SENIOR-LEVEL  
ORGANIZATION TO OVERSEE IMPLEMENTATION OF OPEN DOOR.  
PRESIDENTIAL DECREE NO. 198 OF 1977, PUBLISHED IN OFFICIAL  
GAZETTE MAY 19, ESTABLISHES SUPREME COUNCIL FOR INVESTMENT  
ALONG LINE FORSEEN IN REFTTEL.

2. OPERATIVE PORTIONS OF THE DECREE, INFORMALLY TRANSLATED,  
ARE GIVEN BELOW:  
ARTICLE I.

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THE HIGHER INVESTMENT COUNCIL SHALL BE ESTABLISHED AS  
FOLLOWS:

PRIME MINISTER (SALEM) CHAIRMAN  
DEPUTY PM FOR FINANCIAL AND ECONOMIC AFFAIRS (KAISSOUNI)  
V. CHAIRMAN  
MIN INDUSTRY AND MINERAL WEALTH (SHAHIN)  
MIN AGRICULTURE (SHOUKRY)

MIN ECON AND ECON COOP (SAYEH)

V CHAIRMAN OF INV. AND FREE ZONES AUTHORITY (EL NAZER)

TWO EXPERIENCED MEMBERS NOMINATED BY PM.

THE CHAIRMAN MAY INVITE OTHER MINISTERS TO TAKE PART WHEN SUBJECTS OF INTEREST TO THEM ARE UNDER CONSIDERATION. THEY SHALL BE ENTITLED TO TAKE PART IN THE DISCUSSION AND VOTE WITH THE REGULAR MEMBERS.

#### ARTICLE II.

THE COUNCIL SHALL BE ASSIGNED THE TASK OF EXECUTING THE OPEN DOOR POLICY AND SHALL HAVE AUTHORITY TO MAKE DECISIONS AND ISSUE RECOMMENDATION AND PROPOSAL FOR THIS PURPOSE, IN ARTICULAR:

A) FORMULATION OF THE GENERAL POLICY TO BE FOLLOWED BY THE ORGANIZATIONS CHARGED WITH RESPONSIBILITY FOR IMPLEMENTING THE STEPS FALLING WITHIN SCOPE OF THE OPEN DOOR, APPROVING THEIR ACTIONS AND FOLLOWING UP ON THEIR EXECUTION.

B) FORMULATION OF SOLUTIONS AND INITIATION OF LEGISLATION NECESSARY TO ACCELERATE THE OPEN DOOR POLICY.

C) REMOVAL OF ALL OBSTACLES AND IMPEDIMENTS WHICH FACE THE AUTHORITIES IMPLEMENTING INVESTMENT PROJECTS.

D) DETERMINATION OF THE PROJECTS OUTLINED UNDER ARTICLE I OF LAW 86 OF 1974 WHICH REQUIRE THE APPROVAL OF THE COUNCIL OF MINISTERS (CABINET). (NOTE: THIS LAW PROVIDES FOR CERTAIN TAX EXEMPTIONS EXTENDED TO EGYPTIANS WHO ARE CARRYING OUT PROJECTS WITHIN THE FRAMEWORK OF THE NATIONAL DEVELOPMENT PLAN.)

E) DETERMINATION OF THE FIELDS, ACTIVITIES AND PROJECTS WHICH SHOULD BE GIVEN PRIORITY IN FOREIGN CAPITAL INVESTMENTS, PROJECTS LIMITED OFFICIAL USE

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FOR WHICH FOREIGN FINANCING WILL BE SOUGHT, AND BASIC PROJECTS WHICH ARE CONSIDERED OF MAJOR IMPORTANCE TO THE NATIONAL ECONOMY.

F) EXERCISE OF ALL THE POWERS CONFERRED ON THE COUNCIL OF MINISTERS BY VIRTUE OF LAW 43 OF 1974 (INVESTMENT LAW).

#### ARTICLE III.

ALL MINISTRIES, DEPARTMENTS AND PUBLIC ORGANIZATIONS ARE HEREBY BOUND, EACH WITHIN ITS OWN JURISDICTION, TO CARRY OUT THE DECISIONS, RECOMMENDATIONS AND PROPOSALS ISSUED BY THE HIGHER INVESTMENT COUNCIL.

3. COMMENT: DECREE IS QUITE BROAD AND SWEEPING IN MANDATE IT GIVES SALEM AND HIS COLLEAGUES. ARTICLE III, IN PARTICULAR IS NOTEWORTHY IN ITS SOMEWHAT POINTED ADMONITION TO GET IN STEP. EGYPTIANS HAVE LONG PERCEIVED THAT ONE OF THE OBSTACLES TO FOREIGN INVESTMENT IS CLUMSY, RECALCITRANT, DIFFUSE, AND GLACIAL BUREAUCRACY (THEY ARE RIGHT), AND ARTICLE III IS A WARNING THAT OBSTRUCTIONISM WILL NO LONGER BE TOLERATED.

4. IT IS ALSO INTERESTING TO NOTE THAT MINPLAN ABDEL  
MEGUID, WHO WAS FORMERLY V. CHAIRMAN OF INVESTMENTS  
AUTHORITY, WAS NOT ADDED TO LIST OF MEMBERS. HE WAS QUITE  
CONFIDENT HE WOULD HAVE AN ACTIVE ROLE ON HIGHER COUNCIL,  
BUT MAY NOW HAVE TO CONTENT HIMSELF WITH PRESENT SEAT ON  
INVESTMENTS AUTHORITY BOARD. EILTS

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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
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